

Department of the Treasury

§ 420.3

Reserve Banks for their own account), foreign governments, and international monetary authorities voluntarily submit large position reports when they meet or exceed a reporting threshold.

§ 420.2 Definitions.

For the purposes of this part:

Aggregating entity means a single entity (e.g., a parent company, affiliate, or organizational component) that is combined with other entities, as specified in the definition of “reporting entity” of this section, to form a reporting entity. In those cases where an entity has no affiliates, the aggregating entity is the same as the reporting entity.

Control means having the authority to exercise investment discretion over the purchase, sale, retention, or financing of specific Treasury securities.

Large position threshold means the minimum dollar par amount of the specified Treasury security that a reporting entity must control in order for the entity to be required to submit a large position report. It also means the minimum number of futures, options on futures, and exchange-traded options contracts for which the specified Treasury security is deliverable that the reporting entity must control in order for the entity to be required to submit a large position report. Treasury will announce the large position thresholds, which may vary with each notice of request to report large position information and with each specified Treasury security. Treasury may announce different thresholds for certain reporting criteria. Under no circumstances will a large position threshold be less than 10 percent of the amount outstanding of the specified Treasury security.

Recently-issued means:

(1) With respect to Treasury securities that are issued quarterly or more frequently, the three most recent issues of the security.

(2) With respect to Treasury securities that are issued less frequently than quarterly, the two most recent issues of the security.

(3) With respect to a reopened security, the entire issue of a reopened security (older and newer portions) based on the date the new portion of the re-

opened security is issued by Treasury (or for when-issued securities, the scheduled issue date).

(4) For all Treasury securities, a security announced to be issued or auctioned but unissued (when-issued), starting from the date of the issuance announcement. The most recent issue of the security is the one most recently announced.

(5) Treasury security issues other than those specified in paragraphs (1) and (2) of this definition, provided that such large position information is necessary and appropriate for monitoring the impact of concentrations of positions in Treasury securities.

Reporting entity means any corporation, partnership, person, or other entity and its affiliates, as further provided herein. For the purposes of this definition, an affiliate is any: Entity that is more than 50% owned, directly or indirectly, by the aggregating entity or by any other affiliate of the aggregating entity; person or entity that owns, directly or indirectly, more than 50% of the aggregating entity; person or entity that owns, directly or indirectly, more than 50% of any other affiliate of the aggregating entity; or entity, a majority of whose board of directors or a majority of whose general partners are directors or officers of the aggregating entity or any affiliate of the aggregating entity.

(1) Subject to the conditions prescribed in appendix A to this part, one aggregating entity, or a combination of aggregating entities, may be recognized as a separate reporting entity.

(2) Notwithstanding this definition, any persons or entities that intentionally act together with respect to the investing in, retention of, or financing of Treasury securities are considered, collectively, to be one reporting entity.

Reporting requirement means that an entity must file a large position report when it meets any one of eight criteria contained in appendix B to this part.

§ 420.3 Reporting.

(a) A reporting entity must file a large position report if it meets the reporting requirement as defined in § 420.2. Treasury will provide notice of the large position thresholds by issuing

a press release and subsequently publishing the notice in the FEDERAL REGISTER. Such notice will identify the Treasury security issue(s) to be reported (including, where applicable, identifying the related STRIPS principal component); the date or dates for which the large position information must be reported; and the large position thresholds for that issue. A reporting entity is responsible for taking reasonable actions to be aware of such a notice.

(b) A reporting entity shall select one entity from among its aggregating entities (*i.e.*, the designated filing entity) as the entity designated to compile and file a report on behalf of the reporting entity. The designated filing entity shall be responsible for filing any large position reports in response to a notice issued by Treasury and for maintaining the additional records prescribed in § 420.4.

(c)(1) In response to a notice issued under paragraph (a) of this section requesting large position information, a reporting entity that controls an amount of the specified Treasury security that equals or exceeds one of the specified large position thresholds stated in the notice shall compile and report the amounts of the reporting entity's positions in the order specified, as follows:

(i) *Part I. Positions in the Security Being Reported as of the Opening of Business on the Report Date*, including positions:

(A) In book-entry accounts of the reporting entity;

(B) As collateral against borrowings of funds on general collateral finance repurchase agreements;

(C) As collateral against borrowings of funds on tri-party repurchase agreements;

(D) As collateral or margin to secure other contractual obligations of the reporting entity; and

(E) Otherwise available to the reporting entity.

(ii) *Part II. Settlement Obligations Attributable to Outright Purchase and Sale Contracts Negotiated Prior to or on the Report Date* (excluding settlement fails), including:

(A) Obligations to receive or deliver, on the report date, the security being

reported attributable to contracts for cash settlement ($T + 0$);

(B) Obligations to receive or deliver, on the report date, the security being reported attributable to contracts for regular settlement ($T + 1$);

(C) Obligations to receive or deliver, on the report date, the security being reported attributable to contracts, including when-issued contracts, for forward settlement ($T + n$, $n > 1$);

(D) Obligations to receive, on the report date, the security being reported attributable to Treasury auction awards; and

(E) Obligations to receive or deliver, on the report date, principal STRIPS derived from the security being reported attributable to contracts for cash settlement, regular settlement, when-issued settlement, and forward settlement.

(iii) *Part III. Settlement Obligations Attributable to Delivery-versus-Payment Financing Contracts* (including repurchase agreements and securities lending agreements) Negotiated Prior to or on the Report Date (excluding settlement fails), including:

(A) Obligations to receive or deliver, on the report date, the security being reported, and principal STRIPS derived from the security being reported, attributable to overnight agreements;

(B) Obligations to receive or deliver, on the report date, the security being reported, and principal STRIPS derived from the security being reported, attributable to term agreements due to open on, or due to close on, the report date; and

(C) Obligations to receive or deliver, on the report date, the security being reported, and principal STRIPS derived from the security being reported, attributable to open agreements due to open on, or due to close on, the report date.

(iv) *Part IV. Settlement Fails from Days Prior to the Report Date* (Legacy Obligations), including obligations to receive or deliver, on the report date, the security being reported, and principal STRIPS derived from the security being reported, arising out of settlement fails on days prior to the report date.

(v) *Part V. Settlement Fails as of the Close of Business on the Report Date*,

including obligations to receive or deliver, on the business day following the report date, the security being reported, and principal STRIPS derived from the security being reported, arising out of settlement fails on the report date.

(vi) *Part VI. Positions in the Security Being Reported as of the Close of Business on the Report Date, including positions:*

(A) In book-entry accounts of the reporting entity;

(B) As collateral against borrowings of funds on general collateral finance repurchase agreements;

(C) As collateral against borrowings of funds on tri-party repurchase agreements;

(D) As collateral or margin to secure other contractual obligations of the reporting entity; and

(E) Otherwise available to the reporting entity.

(vii) *Part VII. Quantity of Continuing Delivery-versus-Payment Financing Contracts for the Security Being Reported, including the gross amount of security being reported borrowed or lent out on term delivery-versus-payment repurchase agreements opened before the report date and not due to close until after the report date, and on open delivery-versus-payment repurchase agreements opened before the report date and not closed on the report date.*

(viii) *Part VIII. Futures and Options Contracts, including:*

(A)(1) Net position, as of the close of market on the business day prior to the report date, in futures, options on futures, and exchange-traded options contracts on which the security being reported is deliverable (report number of contracts); and

(2) Net position, as of the close of market on the report date, in futures, options on futures, and exchange-traded options contracts on which the security being reported is deliverable (report number of contracts).

(B)(1) Net position, as of the close of market on the business day prior to the report date, in over-the-counter options contracts on which the security being reported is deliverable (report notional amount of contracts regardless of option delta); and

(2) Net position, as of the close of market on the report date, in over-the-counter options contracts on which the security being reported is deliverable (report notional amount of contracts regardless of option delta).

(d) An illustration of a sample report is contained in appendix B of this part.

(e) Each of the components of Part I–Part VIII of paragraph (c)(1) of this section shall be reported as a positive number or zero. All reportable amounts should be reported in the order specified above and at par in millions of dollars, except futures, options on futures, and exchange-traded options contracts, which should be reported as the number of contracts. Over-the-counter options contracts should be reported as the notional dollar amount of contracts regardless of option delta.

(f) Each submitted large position report must include the following administrative information: Name of the reporting entity; address of the principal place of business; name and address of the designated filing entity; the Treasury security that is being reported; the CUSIP number for the security being reported; the report date or dates for which information is being reported; the date the report was submitted; name and telephone number of the person to contact regarding information reported; and name and position of the authorized individual submitting this report.

(1) Reporting entities have the option to identify the type(s) of business engaged in by the reporting entity and its aggregating entities with positions in the specified Treasury security by checking the appropriate box. The types of businesses include: Broker or dealer, government securities broker or dealer, municipal securities broker or dealer, futures commission merchant, bank holding company, non-bank holding company, bank, investment adviser, commodity pool operator, pension trustee, non-pension trustee, and insurance company. Reporting entities may select as many business types as applicable. If the reporting entity is engaged in a business that is not listed, it could select “other” and provide a description of its business with respect to positions in the specified Treasury security.

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(2) Reporting entities also have the option to identify their overall investment strategy with respect to positions in the specified Treasury security by checking the appropriate box. Active investment strategies include those that involve purchasing, selling, borrowing, lending, and financing positions in the security prior to maturity. Passive investment strategies include those that involve holding the security until maturity. A combination of active and passive strategies would involve applying the aforementioned active and passive strategies to all or a portion of a reporting entity's positions in the specified Treasury security. Reporting entities may select the most applicable investment strategy.

(g) The large position report must be signed by one of the following: The chief compliance officer; chief legal officer; chief financial officer; chief operating officer; chief executive officer; or managing partner or equivalent of the designated filing entity. The designated filing entity must also include in the report, immediately preceding the signature, a statement of certification as follows:

By signing below, I certify that the information contained in this report with regard to the designated filing entity is accurate and complete. Further, after reasonable inquiry and to the best of my knowledge and belief, I certify that: (i) The information contained in this report with regard to any other aggregating entities is accurate and complete; and (ii) the reporting entity, including all aggregating entities, is in compliance with the requirements of 17 CFR part 420.

(h) The report must be filed before noon Eastern Time on the fourth business day following issuance of the press release.

(i) A report to be filed pursuant to paragraph (c) of this section will be considered filed when received by the Federal Reserve Bank of New York. The report may be filed by facsimile or delivered hard copy. The Federal Reserve Bank of New York may in its discretion also authorize other means of reporting.

(j) A reporting entity that has filed a report pursuant to paragraph (c) of this section shall, at the request of Treasury or the Federal Reserve Bank of New York, timely provide any supple-

mental information pertaining to such report.

(Approved by the Office of Management and Budget under control number 1535-0089)

§ 420.4 Recordkeeping.

(a) *Recordkeeping responsibility of aggregating entities.* Notwithstanding the provisions of paragraphs (b) and (c) of this section, an aggregating entity that controls a portion of its reporting entity's position in a recently-issued Treasury security, when such position of the reporting entity equals or exceeds \$2 billion, shall be responsible for making and maintaining the records prescribed in this section.

(b) *Records to be made and preserved by entities that are subject to the record-keeping provisions of the SEC, Treasury, or the appropriate regulatory agencies for financial institutions.* As an aggregating entity, compliance by a registered broker or dealer, registered government securities broker or dealer, noticed financial institution, depository institution that exercises investment discretion, registered investment adviser, or registered investment company with the applicable recordkeeping provisions of the SEC, Treasury, or the appropriate regulatory agencies for financial institutions shall constitute compliance with this section, provided that, if such entity is also the designated filing entity, it:

(1) Makes and keeps copies of all large position reports filed pursuant to this part;

(2) Makes and keeps supporting documents or schedules used to compute data for the large position reports filed pursuant to this part, including any certifications or schedules it receives from aggregating entities pertaining to their holdings of the reporting entity's position;

(3) Makes and keeps a chart showing the organizational entities that are aggregated (if applicable) in determining the reporting entity's position; and

(4) With respect to recordkeeping preservation requirements that contain more than one retention period, preserves records required by paragraphs (b)(1) through (3) of this section for the longest record retention period of applicable recordkeeping provisions.

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